

EARLY, LENN



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RECEIVED

2002 JUN -7 A 11:31

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VINCENT T. EARLY
(1922 - 2001)
JOSEPH J. BURGIE
(1926 - 1992)

June 6, 2002

Docket Control
Arizona Corporation Commission
1200 W Washington St
Phoenix, AZ 85007-2927

RE: Staff's Letter of Sufficiency and First Set of Data Requests to Enhanced Communications Network, Inc., d/b/a Asian American Association
Docket No. T-04088A-01-0171

Dear Mr. Bostwick:

In accordance with staff member John Bostwick's data request, please find enclosed an original and ten (10) copies of the information requested in the above-referenced cause.

Also enclosed is a duplicate of this letter. Please stamp the duplicate received and return in the postage-paid envelope attached thereto.

Information was provided by, and all future questions can be directed to, the undersigned.

Respectfully submitted,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker

PDC/bmr

enc

Arizona Corporation Commission

DOCKETED

JUN - 7 2002

DOCKETED BY

GAP

STAFF'S FIRST SET OF DATA REQUESTS TO
ENHANCED COMMUNICATIONS NETWORK, INC. D/B/A ASIAN AMERICAN ASSOCIATION
DOCKET NO. T-04088A-02-0171

1. Please be advised that a new form has been developed to process CC&N applications to provide resold and facilities-based local exchange and long distance telecommunications services. Please use the new CC&N application form in the future.

The new CC&N application form will be used in the future.

2. Submit copies of Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona. Provide a list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify). Also, indicate percentages of ownership. Refer to item (A-8) on the new CC&N application form.

Attached hereto as Exhibit A.

3. Current financial statements are needed to complete your application. Please make sure the financial statements reflect information for a specific period in this calendar year 2002.

Attached hereto as Exhibit B.

4. A separate letter will be sent to you requesting fair value information. The fair value information being requested is also listed on the new form as item (B-4). Fair value information is needed to complete your application.

Attached hereto as Exhibit C.

EXHIBIT A

Certificate of Good Standing

And

List of Officers

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****ENHANCED COMMUNICATIONS NETWORK, INC.*****

a foreign corporation organized under the laws of Delaware did obtain authority to transact business in the state of Arizona on the 7th day of January 1998.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 4th Day of June, 2002, A. D.




EXECUTIVE SECRETARY

BY: 

OFFICERS AND DIRECTORS

Raymond Chan

President / Treasurer / Secretary / Director

% of Ownership

Pacific Telecom, Inc.

100%

EXHIBIT B

Current Financial Statements

ENHANCED COMMUNICATIONS NETWORK, INC.
(A Delaware Corporation)

d.b.a. Asian American Association

FINANCIAL STATEMENTS

April 30, 2002

(Preliminary)

ENHANCED COMMUNICATIONS NETWORK INC.
(A Delaware Corporation)
dba Asian American Association

BALANCE SHEET
April 30, 2002
(Preliminary)

ASSETS

CURRENT ASSETS

Cash in banks	\$ 926,303.16
Accounts receivable	207,890.25
Allowance for bad debts and LEC reserve	(112,167.88)
Prepaid expenses	39,057.53
	<u>1,061,083.06</u>

FIXED ASSETS

Vehicle	10,000.00
Computer - Hardware	29,006.81
Computer - Software	1,937.90
Leased Assets	138,331.48
Accumulated Depreciation	(23,619.11)
	<u>155,657.08</u>

OTHER ASSETS

Deposit	98,669.64
	<u>98,669.64</u>
	<u>\$ 1,315,409.78</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 222,576.01
Telecommunication taxes payable	112,253.56
	<u>334,829.57</u>

LONG-TERM LIABILITIES

Notes payable	975,877.25
Capital Lease	61,614.90
	<u>1,037,492.15</u>

SHAREHOLDER'S EQUITY

Common stock	10,000.00
Additional paid-in capital	20,000.00
Retained earnings	(5,791.58)
Current earnings	(81,120.36)
	<u>(86,911.94)</u>
	<u>\$ 1,315,409.78</u>

Enhanced Communications Network, Inc.
(A Delaware Corporation)
dba Asian American Association

STATEMENT OF PROFIT & LOSS
From April 1, 2002 Through April 30, 2002
(Preliminary)

	Current	%	YTD	%
REVENUE				
Airtime usage income	\$ 415,419.88	82.75%	\$ 1,586,930.22	76.48%
Allowance and discount	(76,870.26)	-15.31%	(218,557.41)	-10.53%
Other income	163,454.06	32.56%	706,569.15	34.05%
	<u>502,003.68</u>	<u>100.00%</u>	<u>2,074,941.96</u>	<u>100.00%</u>
COST OF SALES				
Network charge	16,857.10	3.36%	44,621.16	2.15%
Usage minute costs	176,291.56	35.12%	674,816.86	32.52%
Carrier miscellaneous charge	8,044.05	1.60%	39,549.17	1.91%
USF Charge	23,820.84	4.75%	80,887.10	3.90%
Verification	3,400.95	0.68%	13,382.10	0.64%
	<u>228,414.50</u>	<u>45.50%</u>	<u>853,256.39</u>	<u>41.12%</u>
GROSS PROFIT	273,589.18	54.50%	1,221,685.57	58.88%
OPERATING EXPENSES				
Sales & Marketing Expenses				
Leads	7,650.00	1.52%	31,380.00	1.51%
Marketing & promotion expenses	4,740.00	0.94%	8,266.98	0.40%
Sales Incentive	0.00	0.00%	2,837.00	0.14%
Telemarketing Expenses	23,208.00	4.62%	99,954.44	4.82%
Trade Show Expenses	0.00	0.00%	2,556.91	0.12%
Total Sales & Marketing Expenses	<u>35,598.00</u>	<u>7.09%</u>	<u>144,995.33</u>	<u>6.99%</u>
General & Administrative Expenses				
Auto expense	1,591.10	0.32%	5,513.85	0.27%
Bad debts	13,053.08	2.60%	43,286.40	2.09%
Bank charges	2,586.46	0.52%	11,395.43	0.55%
Billing service expenses	20,396.23	4.06%	78,711.62	3.79%
Collection expenses	0.00	0.00%	3,828.81	0.18%
Credit card processing charge	0.00	0.00%	401.67	0.02%
Dues & subscriptions	343.00	0.07%	668.00	0.03%
Equipment rental	1,463.97	0.29%	5,246.55	0.25%
Finance charge	138.99	0.03%	2,064.00	0.10%
Insurance-liability	1,191.66	0.24%	4,862.47	0.23%
LEC charges	4,105.54	0.82%	43,184.08	2.08%
License and fees	4,521.01	0.90%	17,678.37	0.85%
Meals & Entertainment	0.00	0.00%	347.15	0.02%
Meeting expense	6,313.20	1.26%	16,282.02	0.78%
Miscellaneous expense	66.95	0.01%	143.66	0.01%
Office expenses	3,966.16	0.79%	13,291.26	0.64%
PEO charges	154,366.81	30.75%	571,281.02	27.53%
Postage	3,235.64	0.64%	7,893.60	0.38%
Professional/Legal and accounting	39,426.36	7.85%	147,525.10	7.11%
Recruiting expenses	604.00	0.12%	2,975.00	0.14%
Rent	16,841.58	3.35%	67,366.32	3.25%
Repair and maintenance	83.17	0.02%	819.51	0.04%
Software maintenance fee	5,807.37	1.16%	17,578.94	0.85%
Tax-others	127.13	0.03%	409.61	0.02%
Telephone expense	8,735.84	1.74%	32,509.98	1.57%
Travel expenses	1,344.54	0.27%	10,621.44	0.51%
Total G&A Expenses	<u>290,309.79</u>	<u>57.83%</u>	<u>1,105,885.86</u>	<u>53.30%</u>
TOTAL OPERATING EXPENSES	325,907.79	64.92%	1,250,881.19	60.29%
NET INCOME (LOSS) BEFORE INTEREST, DEP.	(52,318.61)	-10.42%	(29,195.62)	-1.41%
Depreciation	6,040.78	1.20%	23,619.11	1.14%
Interest and other income	(89.39)	-0.02%	(469.32)	-0.02%
Interest expense	6,322.81	1.26%	27,704.95	1.34%
	<u>12,274.20</u>	<u>2.45%</u>	<u>50,854.74</u>	<u>2.45%</u>
NET PROFIT (LOSS) BEFORE TAX	(64,592.81)	-12.87%	(80,050.36)	-3.86%
State income tax	-	0.00%	1,070.00	0.05%
NET PROFIT (LOSS)	<u>\$ (64,592.81)</u>	<u>-12.87%</u>	<u>\$ (81,120.36)</u>	<u>-3.91%</u>

ENHANCED COMMUNICATIONS NETWORK, INC.
(A Delaware Corporation)

d.b.a. Asian American Association

FINANCIAL STATEMENTS

March 31, 2002

(Preliminary)

ENHANCED COMMUNICATIONS NETWORK INC.
(A Delaware Corporation)
dba Asian American Association

BALANCE SHEET
March 31, 2002
(Preliminary)

ASSETS

CURRENT ASSETS

Cash in banks	\$ 1,031,726.38
Accounts receivable	443,953.79
Allowance for bad debts and LEC reserve	(130,425.14)
Prepaid expenses	27,590.90
	<u>1,372,845.93</u>

FIXED ASSETS

Vehicle	10,000.00
Computer - Hardware	24,684.18
Computer - Software	1,937.90
Leased Assets	138,331.48
Accumulated Depreciation	(17,578.33)
	<u>157,375.23</u>

OTHER ASSETS

Deposit	88,669.64
	<u>88,669.64</u>
	<u>\$ 1,618,890.80</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 467,772.46
Telecommunication taxes payable	78,956.40
	<u>546,728.86</u>

LONG-TERM LIABILITIES

Notes payable	983,377.25
Capital Lease	81,103.82
	<u>1,064,481.07</u>

SHAREHOLDER'S EQUITY

Common stock	10,000.00
Additional paid-in capital	20,000.00
Retained earnings	(5,791.58)
Current earnings	(16,527.55)
	<u>7,680.87</u>
	<u>\$ 1,618,890.80</u>

Enhanced Communications Network, Inc.
(A Delaware Corporation)
dba Asian American Association

STATEMENT OF PROFIT & LOSS
From March 1, 2002 Through March 31, 2002
(Preliminary)

	Current	%	YTD	%
REVENUE				
Airtime usage income	\$ 388,524.30	80.73%	\$ 1,171,510.34	74.48%
Allowance and discount	(56,609.11)	-11.76%	(141,687.15)	-9.01%
Other income	149,345.10	31.03%	543,115.09	34.53%
	<u>481,260.29</u>	<u>100.00%</u>	<u>1,572,938.28</u>	<u>100.00%</u>
COST OF SALES				
Network charge	19,344.24	4.02%	27,764.06	1.77%
Usage minute costs	146,271.54	30.39%	498,525.30	31.69%
Carrier miscellaneous charge	7,799.17	1.62%	31,505.12	2.00%
USF Charge	16,913.59	3.51%	57,066.26	3.63%
Verification	8,817.10	1.83%	9,981.15	0.63%
	<u>199,145.64</u>	<u>41.38%</u>	<u>624,841.89</u>	<u>39.72%</u>
GROSS PROFIT	282,114.65	58.62%	948,096.39	60.28%
OPERATING EXPENSES				
Sales & Marketing Expenses				
Leads	7,875.00	1.64%	23,730.00	1.51%
Marketing & promotion expenses	3,286.98	0.68%	3,526.98	0.22%
Sales Incentive	0.00	0.00%	2,837.00	0.18%
Telemarketing Expenses	43,746.19	9.09%	76,746.44	4.88%
Trade Show Expenses	0.00	0.00%	2,556.91	0.16%
Total Sales & Marketing Expenses	<u>54,908.17</u>	<u>11.41%</u>	<u>109,397.33</u>	<u>6.95%</u>
General & Administrative Expenses				
Auto expense	1,505.70	0.31%	3,922.75	0.25%
Bad debts	(14,683.25)	-3.05%	30,233.32	1.92%
Bank charges	2,267.76	0.47%	8,808.97	0.56%
Billing service expenses	25,122.52	5.22%	58,315.39	3.71%
Collection expenses	515.55	0.11%	3,828.81	0.24%
Credit card processing charge	0.00	0.00%	401.67	0.03%
Dues & subscriptions	300.00	0.06%	325.00	0.02%
Equipment rental	906.50	0.19%	3,782.58	0.24%
Finance charge	122.21	0.03%	1,925.01	0.12%
Insurance-liability	1,191.66	0.25%	3,670.81	0.23%
LEC charges	(1,741.75)	-0.36%	39,078.54	2.48%
License and fees	1,189.96	0.25%	13,157.36	0.84%
Meals & Entertainment	0.00	0.00%	347.15	0.02%
Meeting expense	3,742.28	0.78%	9,968.82	0.63%
Miscellaneous expense	(7.95)	0.00%	76.71	0.00%
Office expenses	5,633.34	1.17%	9,325.10	0.59%
PEO charges	141,934.44	29.49%	416,914.21	26.51%
Postage	1,378.58	0.29%	4,657.96	0.30%
Professional/Legal and accounting	39,350.00	8.18%	108,098.74	6.87%
Recruiting expenses	1,334.00	0.28%	2,371.00	0.15%
Rent	16,841.58	3.50%	50,524.74	3.21%
Repair and maintenance	603.17	0.13%	736.34	0.05%
Software maintenance fee	5,807.37	1.21%	11,771.57	0.75%
Tax others	282.48	0.06%	282.48	0.02%
Telephone expense	7,758.85	1.61%	23,774.14	1.51%
Travel expenses	2,171.00	0.45%	9,276.90	0.59%
Total G&A Expenses	<u>243,526.00</u>	<u>50.60%</u>	<u>815,576.07</u>	<u>51.85%</u>
TOTAL OPERATING EXPENSES	298,434.17	62.01%	924,973.40	58.81%
NET INCOME (LOSS) BEFORE INTEREST, DEP.	(16,319.52)	-3.39%	23,122.99	1.47%
Depreciation	6,079.38	1.26%	17,578.33	1.12%
Interest and other income	(293.88)	-0.06%	(379.93)	-0.02%
Interest expense	6,409.27	1.33%	21,382.14	1.36%
	<u>12,194.77</u>	<u>2.53%</u>	<u>38,580.54</u>	<u>2.45%</u>
NET PROFIT (LOSS) BEFORE TAX	(28,514.29)	-5.92%	(15,457.55)	-0.98%
State income tax	1,070.00	0.22%	1,070.00	0.07%
NET PROFIT (LOSS)	<u>\$ (29,584.29)</u>	<u>-6.15%</u>	<u>\$ (16,527.55)</u>	<u>-1.05%</u>

ENHANCED COMMUNICATIONS NETWORK, INC.
(A Delaware Corporation)

d.b.a. Asian American Association

FINANCIAL STATEMENTS

February 28, 2002

(Preliminary)

ENHANCED COMMUNICATIONS NETWORK INC.
(A Delaware Corporation)
dba Asian American Association

BALANCE SHEET
February 28, 2002
(Preliminary)

ASSETS

CURRENT ASSETS

Cash in banks	\$ 1,118,470.31
Accounts receivable	370,933.15
Allowance for bad debts and LEC reserve	(180,970.25)
Prepaid expenses	41,817.96
	<u>1,350,251.17</u>

FIXED ASSETS

Vehicle	10,000.00
Computer - Hardware	23,302.91
Computer - Software	1,937.90
Leased Assets	138,331.48
Accumulated Depreciation	(11,498.95)
	<u>162,073.34</u>

OTHER ASSETS

Deposit	53,669.64
	<u>53,669.64</u>
	<u><u>\$ 1,565,994.15</u></u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 365,664.81
Telecommunication taxes payable	64,263.17
	<u>429,927.98</u>

LONG-TERM LIABILITIES

Notes payable	990,877.25
Caspital Lease	98,322.96
	<u>1,089,200.21</u>

SHAREHOLDER'S EQUITY

Common stock	10,000.00
Additional paid-in capital	20,000.00
Reatined earnings	(5,791.58)
Current earnings	22,657.54
	<u>46,865.96</u>
	<u><u>\$ 1,565,994.15</u></u>

Enhanced Communications Network, Inc.
(A Delaware Corporation)
dba Asian American Association

STATEMENT OF PROFIT & LOSS
From February 1, 2002 Through February 28, 2002
(Preliminary)

	Current	%	YTD	%
REVENUE				
Airtime usage income	\$ 413,523.32	73.10%	\$ 782,986.04	71.72%
Allowance and discount	(39,914.03)	-7.06%	(85,078.04)	-7.79%
Other income	192,048.04	33.95%	393,769.99	36.07%
	<u>565,657.33</u>	<u>100.00%</u>	<u>1,091,677.99</u>	<u>100.00%</u>
COST OF SALES				
Network charge	3,855.10	0.68%	8,419.82	0.77%
Usage minute costs	178,912.51	31.63%	352,253.76	32.27%
Carrier miscellaneous charge	8,531.80	1.51%	23,705.95	2.17%
USF Charge	21,197.21	3.75%	40,152.67	3.68%
Verification	1,164.05	0.21%	1,164.05	0.11%
	<u>213,660.67</u>	<u>37.77%</u>	<u>425,696.25</u>	<u>38.99%</u>
GROSS PROFIT	351,996.66	62.23%	665,981.74	61.01%
OPERATING EXPENSES				
Sales & Marketing Expenses				
Leads	7,935.00	1.40%	15,855.00	1.45%
Marketing & promotion expenses	240.00	0.04%	240.00	0.02%
PEO Charges-Sales & Marketing	41,824.39	7.39%	90,455.68	8.29%
Sales Incentive	0.00	0.00%	2,837.00	0.26%
Telemarketing Expenses	15,986.00	2.83%	33,000.25	3.02%
Trade Show Exnpeses	2,496.91	0.44%	2,556.91	0.23%
Total Sales & Marketing Expenses	<u>68,482.30</u>	<u>12.11%</u>	<u>144,944.84</u>	<u>13.28%</u>
General & Administrative Expenses				
Auto expense	1,255.18	0.22%	2,417.05	0.22%
Bad debts	23,431.59	4.14%	44,916.57	4.11%
Bank charges	4,206.88	0.74%	6,541.21	0.60%
Billing service expenses	15,052.37	2.66%	33,192.87	3.04%
Collection expenses	417.89	0.07%	3,313.26	0.30%
Credit card processing charge	0.00	0.00%	401.67	0.04%
Dues & subscriptions	25.00	0.00%	25.00	0.00%
Equipment rental	1,920.30	0.34%	2,876.08	0.26%
Finance charge	904.49	0.16%	1,802.80	0.17%
LEC charges	17,508.79	3.10%	40,820.29	3.74%
License and fees	6,761.87	1.20%	9,967.40	0.91%
Meals & Entertainment	347.15	0.06%	347.15	0.03%
Meeting expense	4,016.38	0.71%	6,226.54	0.57%
Miscellaneous expense	76.00	0.01%	84.66	0.01%
Office expenses	1,988.99	0.35%	3,691.76	0.34%
PEO charges - Customer Services	28,582.24	5.05%	67,762.91	6.21%
PEO charges - G&A	34,611.82	6.12%	66,464.92	6.09%
PEO charges - IT	26,132.77	4.62%	50,296.26	4.61%
Postage	2,090.87	0.37%	3,279.38	0.30%
Professional/Legal and accounting	34,450.00	6.09%	68,748.74	6.30%
Recruiting expenses	652.00	0.12%	1,037.00	0.09%
Rent	16,841.58	2.98%	33,683.16	3.09%
Repair and maintenance	0.00	0.00%	50.00	0.00%
Software maintenance fee	156.83	0.03%	313.66	0.03%
Telephone expense	11,041.20	1.95%	16,015.29	1.47%
Travel expenses	2,388.15	0.42%	7,105.90	0.65%
Total G&A Expenses	<u>234,860.34</u>	<u>41.52%</u>	<u>471,381.53</u>	<u>43.18%</u>
TOTAL OPERATING EXPENSES	303,342.64	53.63%	616,326.37	56.46%
NET INCOME (LOSS) BEFORE INTEREST, DEP.	48,654.02	8.60%	49,655.37	4.55%
Depreciation	5,945.71	1.05%	11,498.95	1.05%
Interest income	(42.01)	-0.01%	(86.05)	-0.01%
Interest expense	7,453.82	1.32%	15,584.93	1.43%
	<u>13,357.52</u>	<u>2.36%</u>	<u>26,997.83</u>	<u>2.47%</u>
NET PROFIT (LOSS) BEFORE TAX	<u>\$ 35,296.50</u>	<u>6.24%</u>	<u>\$ 22,657.54</u>	<u>2.08%</u>

EXHIBIT C

Fair Value Information

ENHANCED COMMUNICATIONS NETWORK, INC.

Projected Revenues 12 months ECN Inc.

Projections	Revenue	Minutes	Maximum Rates	
International	\$82,000.00	350,000	\$0.23	** rate will vary to International Destinations
Interstate	\$31,000.00	405,000	\$0.08	
Intra-lata	\$700.00	2,509	\$0.28	
Intra-state	\$3,800.00	13,620	\$0.28	
Grand Total	\$117,500.00			

Operating Expenses

		Revenue	Operating Expense
Adjustments	7.00%	\$4,500.00	\$315.00
Cost of Goods Sold	50.00%	\$4,500.00	\$2,250.00
Sales & Marketing	20.00%	\$4,500.00	\$900.00
G & A	30.00%	\$4,500.00	\$1,350.00
			\$4,815.00

Jurisdictional Assets

Book Value	\$0.00
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